

## Message Text

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ACTION EB-07

INFO OCT-01 AF-06 EUR-12 ISO-00 AID-05 CIAE-00 COME-00

FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06

SP-02 CIEP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15

STR-04 CEA-01 L-03 H-02 PA-02 PRS-01 /107 W

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R 090920Z APR 76

FM AMEMBASSY KINSHASA

TO SECSTATE WASHDC 7368

INFO AMEMBASSY BRUSSELS

AMEMBASSY PARIS

UNCLAS KINSHASA 3069

DEPT PASS EXIM, COMMERCE, TREASURY

E.O. 11652: N/A

TAGS: EARL, ECRP, EFIN, CG

SUBJECT: CERP 0200: 1976 BUDGET - THE FIRST GLANCE

1. PRESIDENT MOBUTU SIGNED THE 1976 BUDGET FOR THE REPUBLIC OF ZAIRE ON MARCH 26, ACCORDING TO ARTICLE IN APRIL 7 AZAP, THE GOZ'S OFFICIAL NEWS PUBLICATION. THE ARTICLE STATES THAT THE 1976 BUDGET WILL BE BALANCED AT Z614,655,681, 11 PER CENT ABOVE THE 1975 LEVEL OF Z565 MILLION. RIGOROUS CONTROL BY THE STABILIZATION COMMITTEE WAS PROMISED IN ORDER TO AVOID RECURRENCE IN 1976 OF GOZ TENDENCY TO IGNORE BUDGET RESTRICTIONS.

2. THE ARTICLE PROVIDED NO DETAILS OF THE EXPECTED Z614 MILLION RECEIPTS, OTHER THAN TO SAY THAT NO TAX INCREASE WAS CONSIDERED NECESSARY. ACCORDING TO THE ARTICLE, THE RECENT DEVALUATION, DEBPT RESCHEDULING, AND EXPENDITURE REDUCTION (ESPECIALLY IN HARD CURRENCY) WILL ENABLE GOVT TO BALANCE ITS BUDGET.

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3. 1976 BUDGETED EXPENDITURES ARE DIVIDED AMONG CURRENT

EXPENSES (Z471,262,168) AND CAPITAL EXPENSES (Z143,393,513).  
THE GOZ PLANS TO CUT OBLIGATORY EXPENSES  
(SALARIES, RENTS, SUBSIDIES, SCHOLARSHIP, ETC.) TO BONE

WHILE HOLDING OPERATING EXPENSES TO 60 PER CENT OF THE  
1975 LEVEL. ONLY 10 PER CENT OF THE CAPITAL EXPENDI-  
TURES WILL BE ALLOCATED TO NEW PROJECTS --TO BE MADE IN  
AGRICULTURE, ENERGY, TRANSPORT, AND COMMUNICATIONS-- WITH  
THE REMAINING 90 PER CENT BEING USED TO COMPLETE EXISTING  
PROJECTS. THE BUDGET INCLUDES AN INCREASE IN CREDITS  
TO REGIONAL ORGANIZATIONS AS PART OF THE DECENTRALIZATION  
PROCESS WHICH THE PRESIDENT HAS ANNOUNCED AND IN ORDER  
TO ENCOURAGE THE AGRICULTURAL SECTOR.

4. COMMENT: BUDGETED (NOT ACTUAL) AMOUNTS FOR 1975  
WERE Z399,028,867 FOR CURRENT EXPENSES AND Z157,460,133  
FOR CAPITAL EXPENSES. THUS THIS YEAR'S BUDGETARY  
ALLOCATION--IF FULLY IMPLEMENTED--REPRESENTS A  
DECREASE IN GOVT INVESTMENT IN RELATIVE EVEN MORE THAN  
ABSOLUTE TERMS.

5. BUDGET HAS NOT YET BEEN RELEASED. WILL PROVIDE  
FURTHER DETAILS AND COMMENTS AFTER PUBLICATION, WHICH  
IS CURRENTLY SCHEDULED FOR END OF APRIL. END COMMENT.  
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